

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL MEMORANDUM**

HB 1672 - SB 1762

March 10, 2020

SUMMARY OF ORIGINAL BILL: Transfers the administration of the workers' compensation exemption registry for construction service providers from the Secretary of State's Office (SOS) to the Bureau of Workers' Compensation (BWC).

CORRECTED FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (015213): Deletes and replaces language in the original bill such that the only substantive change is to change the effective date from July 1, 2021 to March 1, 2021.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

On March 10, 2020 a corrected fiscal impact to the corrected fiscal note was issued. This analysis is being updated to correspond with the updated analysis and assumptions.

Unchanged from the corrected fiscal note.

Corrected assumptions for the bill as amended:

- This legislation takes effect July 1, 2021, or in FY21-22.
- Currently, the SOS handles all aspects of the exemption registry, including accepting workers' compensation exemption and renewals, and the BWC enforces such exemptions.
- In FY19-20, the SOS incurred recurring costs of \$141 for translator services and \$2,105 for printing and postage. In addition, it is assumed that the cost for annual maintenance of the registry averaged \$5,000. The SOS incurred no direct labor costs.
- These costs will shift to the BWC and continue to be paid out of the Employee Misclassification Education and Enforcement Fund (EMEETF).
- A filing fee of \$100 for contractors who do not hold a license from the Board for Licensing Contractors and \$50 for contractors who do hold a license.
- Such revenue is currently and will continue to be allocated to the EMEETF.

- Annual revenue to the EMEEF of approximately \$1,600,000.
- It is assumed that this revenue stream will remain consistent into perpetuity.
- The BWC is building a new exemption registry, but the registry was planned to be built prior to the filing of this legislation; therefore the construction of the registry is not a result of this legislation.
- The net impact to the EMEEF in FY20-21 and subsequent years is assumed to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/jdb